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A
LETTER

FROM

WILLIAM DEVAYNES, Esq.

CHAIRMAN OF THE EAST INDIA COMPANY,

TO

THOMAS HENCHMAN, Esq.



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WILLIAM DEVAYNES, Esq.

CHAIRMAN OF THE EAST-INDIA-COMPANY,

TO

THOMAS HENCHMAN, Esq.

WITH

Mr. HENCHMAN's ANSWER ;

ON THE SUBJECT

OF THE

EAST INDIA COMPANY'S SHIPPING.

LONDON:

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AND R. FAULDER, BOND-STREET.

1794.



TO THE
COURT OF PROPRIETORS,
OF THE
EAST INDIA COMPANY.

Gentlemen,

ALTHOUGH the Affairs of the East India Company have undergone so many changes from Parliamentary Regulation, and the Legislature has interfered so greatly in the controll of them, there are still some very important duties remaining with the Proprietors; which, in justice to themselves and the nation, to whose support they have agreed so largely to contribute, they ought to fulfill with diligence and fidelity.

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The first, and most important of these duties, is, internal regulation; by which I mean all arrangements that comprehend the management of the Company's Funds in England, and the manner in which they may be most advantageously increased, or frugally disbursed. In regard to the latter of these great objects, the most material point is, the expence of Freight. Can it, or can it not, be lessened? This interesting question, has been a subject of contention between the Company and the Owners of their Ships, for many years. Much benefit has already arisen from the discussion of former years, and in the opinion of many respectable men, still more may be derived. In consequence of this opinion, the Court of Proprietors came to a Resolution in April last, to request that the Court of Directors would take this very important matter into their consideration, and propose some arrangements for the approbation of the Proprietors, which should, if possible, establish a permanent system, and settle, once for all, this long contested point. After a year's consideration of the subject referred to them, the Court of Directors came to one summary resolution of a self-evident truth, *That it is necessary to have a certain number of ships, on which they may with safety depend,* and

and to another Resolution, not quite so plain, that it is *altogether impracticable to lay down with precision, any permanent and fixed rate, at which the Ships are to be freighted in future, in consequence of the actual circumstances of the times; and the present state of public affairs.*

This latter Resolution of the Court of Directors, if at all applicable, by way of answer to the Resolution of the Court of Proprietors, can only apply to that part of it, which recommends a fixed and permanent freight in favor of the Old Owners, for their ships now in employ.

As to the latter, and more important part of the Resolution of the Proprietors, namely, a System of open Competition, the Directors are entirely, and, I presume, intentionally silent.

What the Court of Proprietors naturally expected and wished, from their reference of this subject to the Court of Directors, was a fair, full, and clear Investigation of every particular regarding it, together with a plan agreeable to the principles laid
down

down in their Resolution of the 3d of April, or such reasons as in the minds of the Directors should be conclusive against their adoption; and in that case, such other plan as they might consider better calculated to promote the interests of the Company. But as this has not been done, it is unavoidably necessary to have the subject brought again fairly before the whole body of Proprietors.

As some preparatory Introduction, I beg leave to lay before you the following letters.

I have the Honour to remain,

GENTLEMEN,

Your most obedient humble Servant,

*New Burlington-Street,
March 31, 1794.*

THOMAS HENCHMAN.

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TO THOMAS HENCHMAN, Esq.

DEAR SIR,

London, October 1, 1793.

AS we shall very soon take up the SHIPPING BUSINESS, and as we shall certainly attend to the Resolution of the General Court, I should be very glad, (as you made the motion) you will let me have your idea relative to the bottoms worn out, as we entertain some doubt as to the explanation.

Your opinion will be of use to us, to understand the true intent and meaning of the motion.—I shall be obliged to you for your answer, and remain,

Dear Sir,

Your most obedient Servant,

W. DEVAYNES.

Inclosed, I send you a copy of the Resolution.

[C O P Y.]

At a GENERAL COURT,

Held on WEDNESDAY, April 3, 1793.

Resolved Unanimously.—“ That this Court do concur in opinion with the Right
“ Honourable Henry Dundas ; that the freight respecting the Ships now in the
“ employ of the East India Company, should be settled once for all, on a
“ fair and equitable footing, and that the Court of Directors be requested to
“ take the same into their consideration; as well as such further regulations, in

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“ respect

“ respect to the hiring and building of ships in future, as shall enable the Company to carry on their trade henceforward to the greatest advantage, and propose and lay before this Court, such arrangements as they think best suited to that purpose, in order that some permanent system may be established, upon principles of fair, well regulated, and *open competition*; but the said system not to affect the existing Ships, which it is the wish and recommendation of this Court, to continue in their service at a fixed rate, and in preference, so long as they shall be judged fit for the same.”

And on the 19th of *March*, 1794, the Directors submitted the following Resolutions to the General Court, by way of answer, and the General Court confirmed them.

* *Resolved*.—“ That it is indispensibly necessary for the carrying on the Commerce of the Company, to the extent and magnitude required for realizing the Revenue of India, and for promoting and encouraging the exports from the Mother Country, and to enable them to perform their engagements with the public, that a certain number of Ships should constantly be in the service of the Company, upon which they may with safety depend for an annual supply of Tonnage for the effecting and securing the objects above mentioned.”

Resolved.—“ That this Court is unanimously of opinion, that it is altogether impracticable to lay down with precision, any permanent and fixed rate, at which the Ships are to be freighted in future, in consequence of the actual circumstances of the times, and the present state of public affairs. They do therefore recommend to the General Court, as their opinion, that in order to prevent the Company being hereafter disappointed in Ships, which they may want for their service, that leave be given to the Owners of the regular Ships which are now worn out, to build on their bottoms, provided they shall agree to let those Ships to the Company at the same rate of freight as the Company may be enabled to procure Ships of nearly the same description and quality at the time when the above mentioned regular Ships shall be taken into the service.”

TO WILLIAM DEVAYNES, Esq.

DEAR SIR,

Margate, Oct. 6, 1793.

PREVIOUS to the receipt of your favor of the 1st instant, as well as since, I have very seriously considered the Resolution of the Court of Proprietors, which you refer to; and I must beg your indulgence, if I go a little at large into the whole scope of the Resolution, since the point in particular on which you desire to have my opinion, involves more considerations than one. And I shall be happy, if any thing I can offer on the subject altogether, shall be found deserving of your attention.

This Resolution clearly embraces two objects, the present, and the future shipping of the East India Company, that is to say,

First. To secure to the service of the Company all the Ships * at present in their employ, as long as they shall be judged fit for the service; and to settle the Freight of those Ships, once for all, on a fair and equitable footing.

Secondly. To determine a mode of hiring and building Ships in future, upon a system that shall be permanent, † and on principles of fair, well regulated, and open competition, so as to enable the Company to carry on their trade henceforward, to the greatest advantage.

* The Directors now decide, that this is impracticable, on account of the circumstances of the times.

† This the Directors take no notice of. They do not even give an opinion on this part of the subject.

It was also in the contemplation of myself, and the friends I consulted at the time, that the Captains and Officers bred up in the India Service were, as a matter of private justice, as well as public advantage, to be assured of the protection of the Company, and a preference in all future employ.

I am aware, Sir, that there has been much difference of opinion in respect to the best mode of securing the service of all the existing ships, as long as they may last; and it has been said by some, that the Owners would have the advantage of the Company, if the Freight was settled for more than one voyage, as a means of producing this effect. I confess I do not perceive this; the advantage, in my opinion, would be mutual; but if it was so, I would give them this advantage, to put an end to those continual disputes and heart-burnings which have of late years so much interrupted the unanimity, and in some degree, the prosperity of this Company. The Court of Proprietors are clearly of this opinion, for they, *unâ voce*, desire the Freight of these Ships may be settled, once for all, on a fair and equitable * footing; so that this point seems to be decided. It remains with the Court of Directors to propose the plan upon which the adjustment of the Freight shall be arranged. To this I have given much attention, and I really see none so easy, and at the same time, so effectual, as to propose that no ship shall in future be engaged for a single voyage, but that every ship shall be engaged for a certain number of voyages, equal to the ability and condition of such ships, as have already made one or more voyages in the service, and that the permanent Freight be left to the discretion of the Court of Directors. This would meet the desires of the Proprietors in respect to the existing ships, and it will rest with your Court to declare, whether it will not
offer

* The Proprietors certainly decided by the Resolution of the 3d of April, 1793, that the Freight should be settled once for all, yet the Directors do not condescend to state, that they made any offer to the Old Owners, or that any negociation had been on foot, and the result of it.

offer to the Old Owners* generally, when they take up their ships in the summer of 1794, the same rate of Freight for the future voyages their ships may be able to perform, as they settle with such as will be taken up for the service of the season of 1794—5. If any of them refuse this offer, their ships may afterwards be taken up in turn, at such rates as may be settled at the time they are wanted, and of course, for as many voyages as they may then be thought able to run. The rate of Freight between the Company and the Owners, ought always to be a peace-rate,† subject to a reasonable increase in times of war, when it might be particularized thus, Freight ——— so much; extra this voyage, on account of war ——— so much; in which case the difference on account of the risque in war, would be adjusted every season, according to the circumstances of the times, which is a contingency unavoidable, as the price must differ considerably, to keep pace with the variable dangers of a state of hostility.

It may be brought forward by some, as an objection to taking up ships for a number of voyages, equal to their ability and condition, that the Company's Charter only extends to twenty years, and therefore a few years hence, a new ship will last longer than the exclusive trade may continue. This is very easily obviated, by a saving clause in every contract; and in reality, it is an objection of very little weight, for some very unexpected causes must arise, to bring about so complete a revolution in the minds of men, respecting our commercial intercourse with India and China, as shall induce the Legislature to abolish the present East India Company; besides which, we have seen gentlemen offering ships for the service of the Company, when their Charter has been renewed only for a very short period indeed, and without any engagement at all, but for a single voyage.

* The Old Owners, at one time, declared that all they claimed, was security for their existing ships, as long as they would last. What prospect have the Company of better terms, when it is allowed no such ships are to be met with, except what the Directors give leave to build; and their permission never extends to so many as their own trade really wants in all its parts.

† This plan the Directors had adopted.

This, I think, meets the first part of the Resolution of the General Court. The second part respects the hiring and building ships on a permanent system, and upon principles of fair, well-regulated, and open competition. Can there be any means of introducing this sort of competition, but by engaging ships by public contract, and for as long as they will last? When one or more ships are required, perhaps public notice may be given in all the London papers, that the India Company are in want of so many ships, that they will allow so many months for the building of them, and that they will * contract at a settled peace-freight, for so many voyages (always accidents excepted) and also for one or two voyages more, if the ability and condition of the ship, according to the report of the Company's Surveyors at the time, shall justify their so doing.

A clause would be allowed, engaging for a suitable addition in case of war, which, when ever the Directors and Owners could not settle between themselves, might be decided by arbitrators, expressly chosen for the purpose.

It seems expedient that it should be free for every man whatever, to make his offer, or the competition would not be *fair and open*. It should be *well regulated*, in as much as certain specifications would be required in every proposal. The proposals should also be made within a fixed time, and no proposal should ever be allowed to be returned or amended, but every proposal which did not conform to what was required by the advertisement, should be rejected without any consideration at all.

* The rate of freight should be settled when leave is given to build: at present it is not settled until the new ships come in turn to be taken up, then the owners of the new ships, join with the owners of the old ships, and they altogether make one price, which the Directors cannot deny them; because there are no other ships to be had. If the price was settled when leave to build was given, the Directors would have opportunity to agree with others, if the terms of the Old Owners were not reasonable.

Under

Under a system like this, which, when it makes a point of protecting the existing ships as long as they are fit for service, lays it down as a principle, that the Company should build in future under an arrangement of fair, well-regulated, and OPEN competition, the idea of perpetuity in bottoms, I should suppose must cease.* How can the competition be OPEN, if such a right is admitted? But it will, I am sure, be readily allowed that the owners of every ship that is worn out, have a claim to the preference for building a new ship, as often as the proposals any of them may make, shall be equally advantageous with the proposals of any other parties. By equally advantageous, I expressly mean (I am ready to confess) equally low; for when owners in general are subject to the same checks and controls, and under securities equally responsible, the blame must be with the superintending officers, if the business in general is not performed equally well. The higher freight, which the existing ships may now obtain by permanent contracts, for the remainder of the time they are able to run, will be some compensation, (I think I may venture to state as a certainty almost that the freight now, or presently agreed for, will be higher than hereafter, for there is hardly a doubt upon any man's mind, but that the rate of freight will from time to time be more moderate, and favourable to the Company, in every succeeding Contract † they may make, upon *fair, well-regulated, and open* competition: "and we know that the managing owners now engaged with the Company, *think it an important advantage to have their respective freights fixed for a number of voyages, and acknowledge that the principal claim made by them upon the Company, goes to such a reasonable protection for the existing ships.*" (a)

* This idea has arisen from the custom of giving leave to build in turn; a custom that surely should be put a stop to, when the benefit of it can no longer be shewn.

† But it will never be more favourable, if this competition is not opened. It seems a sacrifice is thought due to the Old Owners, therefore the sooner it is made, the better.

(a) Vide Address to the Proprietors, the 10th of May, 1792, signed *Lushington, Newts, Slater, &c.*

But,

But, Sir, if this is not [thought compensation sufficient for such an imaginary right, the preference which should be given them upon offering for a new ship, may be still further extended: Let not a stranger succeed to a set of gentlemen the Company have been so long in the habit of dealing with, for a trifling consideration, if the difference in the offers does not exceed 20s. per ton, let the old Owners still have the option of taking the contract at the lowest of the prices; or if any other mode of indulgence can be devised, I hope it would be well received, so long as it does not destroy the principle of *open* competition, on which alone the Proprietors can depend, to ascertain the fair price of tonnage in the market.

It has long been urged by some gentlemen, that doing away the perpetuity of bottoms, would endanger the established shipping, and I recollect there is a resolution of the General Court, "that the commerce of the Company cannot be properly conducted, without an efficient fleet of shipping built, and kept up by the orders of the Court of Directors." But I do contend that a system of the nature I have pointed out, so far from destroying the established shipping, by doing away the pretence of perpetuity of bottoms, will be a means of establishing, for the first time, an efficient fleet, always at the command of the Company; for they will be under contract to the Company for the whole time they may be sea worthy.* The owners will not have it in their power at critical times, to oppose the Company, because they will be under engagements, with sufficient securities, to serve as long as they are fit

* How can a fleet be destroyed by such a Resolution, when it consists of 93 ships of different ages,

These would require to be replaced at different and distant times, which gives opportunity always to secure a certain fleet.

{	3	upon the sixth voyage.
	20	— fifth ditto.
	15	— fourth ditto.
	28	— third ditto.
	12	— second ditto.
	9	— first ditto.
	6	worn out.

for

for service; and as one year with another, the Company can have occasion to build only five or six ships at the most, or be it double the number, as I trust we shall soon see 150 ships at least, in the service, there never will be less than 130, or 140 ships † at sea, and at home, of course at their immediate command, and that at all times without such previous and disagreeable contests as we are often witness to, before the Owners will accede to the terms of freight which the Directors think equitable.

You, Sir, recollect when the Owners were so united and determined in rather an unreasonable demand for the hire of their ships, that the Directors were obliged to answer, "the distresses of the Company for tonnage are such, that the Court must be forced to submit to any terms the Owners should think proper to insist on." (25th of April, 1781.) If your ships had then been engaged for as many voyages as they are reckoned equal to, that would not have happened; you would have had an efficient fleet of shipping at your command, which this single circumstance proves you never, in reality, have had yet. Are your Owners now bound to the service by any obligation you can enforce against them? If they could find any more advantageous employ, as merchants they might be justified in leaving you to-morrow; therefore those Directors who join in opinion with the Court of Proprietors, that a fleet of efficient shipping, built and kept up by orders of the Court of Directors, is absolutely necessary to the well conducting of the commerce with India, must think it expedient to adopt some plan that shall positively attach the whole of your shipping, exclusively to the service.

I am well aware that a variety of regulations are necessary, in the detail of every system, but I do not presume to trouble you with any such parti-

† Meaning to include ships for private trade and sugar, of course this is much under the mark—and it may very reasonably be asked, why these ships are not to be taken up on some fixed plan, which would be much cheaper; for many would leave other trades, if sure of constant employment in this, that will not quit their usual line for one voyage only.

culars. I shall therefore only beg leave to add a few words respecting the Captains and Officers bred up in your marine service. We all know it is contrary to the by-laws of the Company, that a command should be bought or sold, we all know equally well that commands are generally disposed of, and in some instances for a very high price indeed.* This ought to be remedied—But I confess I see no mode of altering it effectually, unless the Directors appoint the commanders instead of the Owners: and to this there may be very solid objections: but there can be none I should suppose to introducing a regular list of your Marine Officers among the other list of servants, including if you please, 3d and 4th Mates, and making it a rule, that no man shall succeed to the command of an Indiaman who is not upon that list, and who has not performed as many voyages, first as 3d and 4th Mate, and afterwards as 1st and 2nd as you may think necessary for a qualification to so important a charge.* Something of this kind will protect the service in general; but where is the indemnification for your present Captains, who, if we take the service throughout at 5000*l.* each, we may say have paid 500,000 *l.* for the stations they hold. It must in my opinion be looked for in the 57th by-law, § which ordains, “that if any new ship or ships, shall be built or taken up on freight for the use of the Company, the command of such ships shall be given to the Captains out of employ from their ships being worn out.” This regulation affords assurance of a ship to every Captain, as long as he may wish to continue in the service, and the means by additional labour to reimburse himself in the

* This is the greatest impediment to an arrangement, It should be confessed, and the question should be liberally and fairly met. The Captains are not to be blamed in this instance, various regulations at different times existed; and some years since: an oath was ordered to be administered to every Captain. A very honourable man Mr. Papworth, was the first to whom it was offered; he said he could not take the oath, and he was refused the command. Another Gentleman who was able to take it got his ship, but the oath was never afterwards offered to any one. Prohibitory laws have still continued, but never been enforced.

* Certain regulations of this nature do now exist.

§ It is said, this law is objected to by the Old Owners, upon public grounds it is exceptionable.

amount

amount of a purchase made in opposition to the rules of the Company, yet tolerated by custom, and which has not of late years so come before the Court of Directors, that they have interfered to prevent it ; grown therefore as this is into an usage of the service, if the present arrangement affects the property of this deserving class of Officers (and that I think it must do) I sincerely hope, either through this by-law, or by some other (if this has its inconveniences and requires alteration) means will be found of extending the protection of the Company to every Captain out of employ.

I remain,

DEAR SIR,

Your most obedient humble Servant,

T. HENCHMAN.

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T. HENCHMAN